

Message Text

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ACTION EB-04

INFO OCT-01 SS-14 ISO-00 NSCE-00 INR-05 CIAE-00 SSO-00
L-01 SP-02 TRSE-00 STR-02 EUR-08 IO-06 COME-00
LAB-01 SIL-01 AGRE-00 AF-04 ARA-10 NEA-07 EA-06
DODE-00 H-01 NSAE-00 OMB-01 PRS-01 INRE-00 STRE-00
OIC-01 /076 W

-----116930 211719Z /45

O 211644Z DEC 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 4323

INFO AMEMBASSY BRUSSELS

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LIMDIS

USMTN

USEEC

PASS STR ELECTRONICALLY FOR AMBASSADORS STRAUSS AND WOLFF
STATE PASSBARRACLOUGH
TREASURY PASS BERGSTEN
COMMERCE PASS WEIL
LABOR PASS SAMUEL
USDA PASS HATHAWAY

E.O. 11652: N/A

TAGS: ETRD, MTN, EC

SUBJECT: MCDONALD/DENMAN CONVERSATIONS ON DECEMBER 21

1. THE FOLLOWING POINTS OF PARTICULAR INTEREST WERE
COVERED IN THE COURSE OF THREE SEPARATE CONVERSATIONS
ON WEDNESDAY:

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A. AMBASSADOR STRAUSS ACCEPTS AND THANKS DENMAN FOR
HIS GUARANTEE THAT THE EUROPEAN COMMISSION WILL BE
RECOMMENDING THE 40 PERCENT TARIFF CUT TO ITS COUNCIL
OF MINISTERS IN THEIR MEETING OF JANUARY 17.

B. CONSEQUENTLY, DIFFICULTIES IN WORKING OUT THE
SET OF NON-PAPERS POSSIBLY TO BE CIRCULATED BY THE GATT

SECRETARIAT CONCERN ONLY PRESENTATIONAL PROBLEMS FOR THE BENEFIT OF THE FRENCH AND REPRESENT NO CHANGES OR BACKSLIDING BY EITHER THE U.S. OR THE EC ON THE SUBSTANTIVE POSITIONS ALREADY AGREED.

C. CONCERNING THE TARIFF PAPER, THE JOINT SUBSTANTIVE POSITION IS REFLECTED BY THE INITIAL PAPER AS IT STANDS WITH 40 PERCENT IN THE MAIN BODY OF THE TEXT MARKED BY AN ASTERISK REFERRING TO A FOOTNOTE SAYING ONLY "NOT FORMALLY APPROVED." THIS WOULD INDICATE THAT THE COUNCIL OF MINISTERS HAS NOT YET FORMALLY TAKEN ACTION NOR HAS THE TARIFF GROUP FORMALLY APPROVED THIS LEVEL. DENMAN AGREED THAT THIS EXPRESSES THE POSITION OF THE COMMISSION BUT REITERATED THAT THE FRENCH HAVE NOT YET COMMITTED THEMSELVES TO ACCEPT THIS LEVEL OF REDUCTION FORMALLY AT THE JANUARY 17 COUNCIL OF MINISTERS MEETING.

D. MOVING TOWARD ACCOMMODATING THE FRENCH FROM A PRESENTATIONAL POINT OF VIEW, THE U.S. HAD SUGGESTED THAT 40 PERCENT REMAIN IN THE TEXT WITH BRACKETS TOGETHER WITH A FOOTNOTE INDICATING THE FOLLOWING OR SOME NEAR VARIATION, "A NUMBER OF PARTICIPANTS HAVE SIGNIFIED THEIR INTENTION TO TABLE OFFERS ON THE BASIS OF 40 PERCENT; OTHERS HAVE NOT YET TAKEN A POSITION OR FAVOR A LOWER FIGURE."

E. SINCE THE POSITION (D) STILL CONCERNED THE LIMITED OFFICIAL USE

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FRENCH THAT THE QUALIFICATIONS WERE ALL CONTAINED IN THE FOOTNOTE GIVING THE 40 PERCENT THE POSTURE OF A PRIVILEGED HYPOTHESIS IN THE TEXT, THE U.S. COULD RELUCTANTLY ACCEPT FOR PRESENTATIONAL PURPOSES ONLY THE USE OF "X" IN BRACKETS IN THE TEXT WITH A MORE POSITIVE FOOTNOTE READING ONLY "A NUMBER OF PARTICIPANTS HAVE SIGNIFIED THEIR INTENTION TO TABLE OFFERS ON THE BASIS OF 40 PERCENT; OTHERS HAVE NOT YET TAKEN A POSITION." THIS WOULD AT LEAST LEAVE ONLY A SINGLE FIGURE, THE 40 PERCENT, TO BE MENTIONED AND WOULD ALSO AVOID THE SUGGESTION OF ANY LOWER FIGURE BEING UNDER CONSIDERATION.

F. IN ADDITION, SINCE THIS FORM MIGHT IMPLY PRESENTATIONAL IMBALANCE AMONG INTERLINKED FACTORS RELATED TO THE TARIFF DECISION, MCDONALD INSISTED THAT THE U.S. WOULD WANT TO MAINTAIN THIS BALANCE BY ALSO-

(1) PLACING BRACKETS AROUND THE SWISS FORMULA DESCRIPTION IN THE SAME PARAGRAPH, INDICATING THIS DEGREE OF HARMONIZATION IS ONLY TO BE CONSIDERED AT THE 40 PERCENT REDUCTION LEVEL,

(2) PLACING BRACKETS AROUND THE LAST SENTENCE IN

PARAGRAPH 7 RELATING TO CONDITIONALITY,

(3) REMOVING PARENTHESES AROUND THE LAST SENTENCE IN ARTICLE 4 IN THE DRAFT TEXT ON SAFEGUARDS, AND MAKING IT A SEPARATE AND ESSENTIAL PARAGRAPH. PRESENTATIONALLY, THIS SHOULD HELP TO MAINTAIN CLEAR INTERLINKS BETWEEN THESE NEGOTIATING VARIABLES SO THAT NONE OF THEM WOULD APPEAR TO BE A MORE PRIVILEGED HYPOTHESIS THAN ANY OTHER.

2. FURTHERMORE, MCDONALD INDICATED THAT STRAUSS WOULD PROBABLY WANT TO SEND A LETTER TO HAFERKAMP REAFFIRMING THE SUBSTANTIVE UNDERSTANDING BETWEEN THE COMMISSION

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AND THE U.S. AND THE UNDERLYING LINKAGES BETWEEN THE ABOVE NEGOTIATING VARIABLES. THIS LETTER SHOULD BE HELPFUL TO HAFERKAMP IN THE MEETING OF JANUARY 17 TO EMPHASIZE THE IMPORTANCE OF OBTAINING APPROVAL FOR THE 40 PERCENT IF THE OTHER FACTORS OF INTEREST TO EC MEMBER STATES ARE TO BE VIEWED FAVORABLY BY THE U.S. MCDONALD

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Message Attributes

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Control Number: n/a
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